

FISCAL NOTE

Bill #: SB0050

Title: Revise laws governing Board of Veterans Affairs

Primary Sponsor: Shea, D

Status: As Introduced

Sponsor signature _____ Date _____

Chuck Swysgood, Budget Director _____ Date _____

Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$5,794	\$600
Revenue:		
State Special Revenue	\$216,538	\$365,698
Net Impact on General Fund Balance:	(\$5,794)	(\$600)

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Secretary of State

1. The office of the Secretary of State anticipates no significant fiscal impact resulting from the dissemination of tribal notices.

Department of Revenue

2. This bill provides for a “veteran’s services account” in the state special revenue fund; provides that the Board of Veteran’s Affairs may accept gifts, grants, or donations which must be deposited in the account unless specifically designated for the veteran’s cemetery program; and specifically provides that donations to either the veteran’s services account or the veteran’s cemetery account are deductible for individual income tax purposes.
3. Because the bill provides that taxpayers may “deduct” these donations, only taxpayers who itemize deductions would be allowed to deduct these donations. Because these donations, as well as the surcharge, are deductible under current law as charitable contributions, there is no impact on individual income taxes under this bill.
4. Administrative expenses increase under this bill to provide for payment processing and for forms printing expenses.

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5. This proposal also provides for a new registration fee of \$0.25 on all vehicle types except for off-highway vehicles, trailers and semi-trailers registered in other jurisdictions and registered through a proportional registration agreement, and vehicles bearing ex-prisoner of war license plates. Revenue derived from this fee is deposited in the veteran's services special revenue account provided for in section 4 of this bill.
6. Based on a Department of Revenue analysis of the motor vehicle database, the new \$0.25 registration fee is estimated to generate \$216,538 in FY 2004 and \$365,698 in FY 2005. These impacts are calculated using a 2.4 percent annual growth rate for vehicles. The calendar year 2001 motor vehicle database is used as the base year in making the calculations in assumption two.

Department of Justice

7. Costs involved in updating procedures manuals and training for staff in the 56 county treasurers motor vehicles offices will be absorbed within the Motor Vehicle Division's ongoing present law operating budget.
8. Requirements analysis, development, and implementation of upgrades to the existing motor vehicle registration system to add the necessary new fee codes, requirements, and fee code exemptions are projected to cost approximately \$950 and \$1,044 for computer processing for a total estimated expenditure of \$1,994 in FY 2004.

FISCAL IMPACT:**Department of Revenue**

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$3,800	\$600
<u>Funding of Expenditures:</u>		
General Fund (01)	\$3,800	\$600

Department of Justice

<u>Expenditures:</u>		
Personal Services	\$1,994	\$0
<u>Funding of Expenditures:</u>		
General Fund (01)	\$1,994	\$0

Totals

<u>Revenues:</u>		
State Special Revenue (02)	\$216,538	\$365,698
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$5,794)	(\$600)
State Special Revenue (02)	\$216,538	\$365,698

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(continued)

TECHNICAL NOTES:

1. In order to maintain consistency with the philosophy of HB124 passed in the 2001 Legislative Session, which de-earmarked most of the revenue from the motor vehicle registration fees in order to simplify the revenue distributions in the State of Montana, this bill could be amended to deposit the \$0.25 fee in the state general fund and provide for a transfer payment to the state special revenue account equal to the \$0.25 fee multiplied by the number of qualifying vehicles each year.
2. The bill allows taxpayers to remit a separate check for donations to the veteran's services account or the veteran's cemetery program. This poses a couple of administrative concerns. First, the taxpayer may not indicate into which account the donation is to be deposited. This could require administrative time and cost contacting the taxpayer to ensure proper deposit of the donation. This additional administrative cost is reflected in the expenditure sections of this fiscal note. Second, this could result in delaying processing of some returns, if these are refund returns the delay could result in additional interest payments by the state to taxpayers.

LONG-RANGE IMPACTS:

Department of Military Affairs

1. Long-range fiscal impacts cannot be determined at this time. Prospective increases in veterans' personal income due to enhanced veterans' services outreach, service officer competency and efficiency, and additional division FTEs committed to Native American veterans' services and veteran ombudsman activities cannot be measured at this time. Further, potential impacts on state of Montana revenue sources (income tax, property tax) and general fund outlays (e.g., reduction in social service benefits) resultant of veterans' receipt of financial benefits cannot be measured at this time.